

**THE EXISTENT RELATION BETWEEN DEVELOPMENT AND
ENTREPRENEURIAL STRATEGIES – A PRELIMINARY ANALYSIS**

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ABSTRACT

Economic growth and development: very popular words nowadays. Why? A large numbers of reasons could be presented to justify this statement, but it is enough to say that the world's economy is not living its springtime, since a recession period has started all over the world. Furthermore European Union members have an additional concern: the Union enlargement, and the increase of competitiveness that Eastern countries will bring to the market.

To increase productivity and competitiveness, enterprises as “development agents” play a very important role. However, sometimes these firms are seen as a *black box*, regarding to the contribution given to development.

But is it not important to know whether a firm is following a competitive or cooperative strategy and how the implications of this strategy affect the development? Usually, when development is the subject in discussion it is very easy to get information about the macro-economic context, the market, competition that firms must face, the entrepreneurial environment (industrial district, clusters, etc.).

The main question here is: should not the strategies followed by the firms be considered extremely important, not only in productivity terms, but also on its contribution to development (economic, social, or any other)? Would not be important to know and to analyse the choices firms are taking in this competitive environment? Moreover, taking into consideration regional development and the role that micro firms play on this field, what do we know about the chosen strategies by the entrepreneurs?

The objective of this work is to present an analysis of the existent studies on economic development and, at the same time, to study the references that are presented regarding to the entrepreneurial strategies. The final purpose of this preliminary analysis is to obtain solid information about the state-of-art of both fields, in order to guide a more complete research on the field of development and entrepreneurial strategies.

1. Introduction

When the subject in discussion is development, there are many factors to be considered for the analysis of this subject. The first step must be is the separation (or not) of the concepts of development and growth, bearing in mind that between these concepts *“it was settled down such a strong and narrow relationship, that distinguishing one from the other becomes sometimes difficult”* (Diniz, 1999).

One cannot think about development without considering economic growth, but economic growth does not necessarily means development. This sentence is just the beginning of a labyrinth. Diniz (1999) quoting Seers referred: *“it is convenient to make clear that development is a normative concept, synonym of improvement of life conditions”*. However, it will be difficult in this work to analyse all the fields related to development as a synonym of improvement of life conditions. The main objective will be the presentation of the relation between development and entrepreneurial strategies. This relation drives us necessarily to the concept of entrepreneurship. In fact, one cannot disconnect entrepreneurial strategies from the entrepreneur. In this case it can be established a relation between economic development and entrepreneurship.

“Indeed, fostering entrepreneurship is also one of the principal measures used to accelerate economic development in more prosperous localities” (OECD, 2003). Questioning the source of growth, Shumpeter (1934) gave importance for something that until that moment had not been a reason of studies. *“In the Theory of Economic Development he emphasizes the role of the entrepreneur as a prime cause of economic development”* (Carree et al. 2000). The thesis defended by Shumpeter is that the entrepreneur can contribute for growth through innovation. Taking into consideration this statement it can be said that the strategies followed by the entrepreneur will be important for economic development. In one hand entrepreneur can play a very important role in the “development theatre”, on the other hand, if this is not an active role, the contribution for development can be something close to zero. The entrepreneur as an individual can be considered an important development agent, but once again we are driven for another concept, one cannot talk about entrepreneurship without thinking about Small and Medium

Enterprises (SMEs). These enterprises, together with Micro Enterprises play a very important role in the context of local economic development. *“Through their flexibility and their potential for employment creation, SMEs can play a major role in regional development”* (Inforegio, 2000). At the same time *“as a means of generating jobs and raising incomes, increasing rates of enterprise creation is an almost universal concern among local authorities. Along with efforts to attract investment, stimulating entrepreneurship is one of the two pillars of most local and regional development strategies”* (OECD, 2003).

After the references to these concepts: development, growth, innovation, entrepreneur and SMEs, is not difficult to assume that all of them are closely and positively linked. However the entrepreneur by himself cannot do much, in the same way of thought an enterprise needs somebody to make it profitable. Innovation does not arise spontaneously, innovation is generated through people ideas and commitment, and consequently the same happens with development.

Assuming the thesis that SMEs play an important role in development, what seems to be consensual, it can be said that the entrepreneur, before being a development agent, is the base of an enterprise, the actions that are taken in the, and by the enterprise, or by the entrepreneur play the main role in development. In other words, the strategies adopted by the enterprise, either in respect to internal or external environment, might be like engines for economic development.

Along this work it will be focused primarily the concepts of growth related to economic development, secondly the role of the entrepreneur and the strategies adopted by the enterprises, and before the final remarks it will be presented the links, or possible links between entrepreneurial strategies and development.

2. Development and Economic Development: What is the difference?

Development is nowadays a keyword in many issues, such as politics, economy, society, among others, but what is development? What are the factors that can be pointed as development agents? Let us try to answer these questions. If development is a synonym of improvement of life conditions it can be said that people in general, are development

agents, since everyone in some way, gives their contribution for social and economic development. *“Social development is a multifaceted concept involving the creation of employment, the social protection of workers, improvement of their working environment and investment in human capital.”* (U.N., 1998 addendum).

The concept of development must be, primarily, associated to social development. If the population does not have good life conditions, if they do not have social development, then one cannot say that development exists. *“Considering investment in the economy and in the firm, as a creation and production process during a period of time, it can be also considered, as one of the main explanations of development, accepting, that development surpasses investment, in the sense in that it provides growth, what is a way for development”* (Duarte, 2001).

In a few sentences it can be observed the strong relation between enterprises and development, or we can change the word enterprises by entrepreneurs. In fact, an enterprise is nothing without the human capital. This relation was first presented by Shumpeter that presented as a reason for economic growth, an increase in the number of entrepreneurs. *“This effect is a result of the concrete expression of their skills, and more precisely, their propensity to innovate”* (Dejardin, 2000).

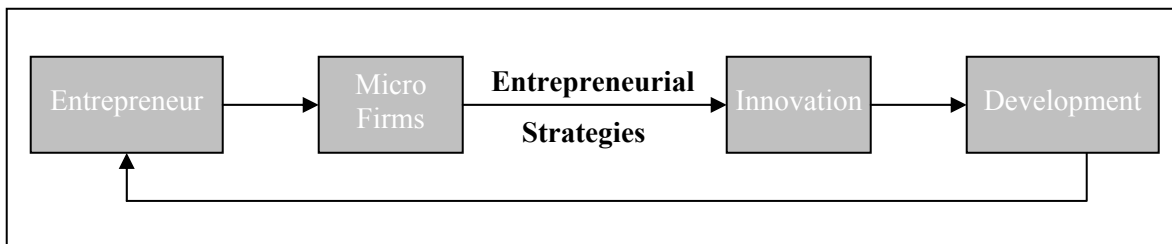


Figure 1. A way to development
Adapted from (Duarte, 2001)

Trying to make an image of the words until now presented, one can try to understand figure 1. First we will find the entrepreneur “playing the main role” in the “development theatre”. Somebody that is called the entrepreneur starts an enterprise; in figure 1 it is called a Micro Firm because *“studies have shown that enterprises... consist predominantly of small family businesses, in other words micro firms”* (Duarte, 2001). In the quoted work, it can be found a distribution of enterprises on the European Union countries, and Micro

Firms play a very important role in this distribution. Through the strategies followed by the enterprise, in order to make it profitable, the entrepreneur, or manager, must innovate. (Fleury and Fleury, 2000) referred Durand (1998) that ironically comments: *“in medieval times, the alchemists tried to transform metals in gold; today managers, and companies try to transform resources and assets in profit. A new alchemy is necessary to the organisations. Let’s call it competence”*. Together with this new alchemy called competence there is other alchemy: the strategy followed by the enterprises. The strategy subject, will be presented in section 3, however it seems important to refer now the strong and close relation between these concepts.

In this context, what is expected from the micro enterprises, through the entrepreneurial strategies, is innovation. This was the way to development presented by Shumpeter. The main idea here presented is that development is, in a way, a result of innovation and entrepreneurship. Now it must be said, that it is not a specific group that can contribute for this development, as an example Drucker (1999) says that *“innovation and entrepreneurship are not limited to high technology industries. Most innovation and entrepreneurship happens in low technology industries just as most job creation also comes from low technology industries.”* This means that anyone can contribute for development. There is not a defined “elite” designed as development workers.

At the same time in figure 1 one can see a relation between the entrepreneur and Micro Enterprises. Nevertheless Big Enterprises can also be entrepreneurial and innovative agents, once again (Drucker, 1999) says: *“an enterprise also does not need to be small and new to be an entrepreneur. Indeed, entrepreneurship is being practised by large and often old enterprises... Marks and Spencer, the very large British retailer, has probably been more entrepreneurial and innovative than any other company in Western Europe these last fifty years, and may have had greater impact on the British economy and even on British society, than any other change agent in Britain and arguably more than government laws.”*

At this time, it seems to be important present a brief overview about development and economic development. As it was presented development is related to the improvement of life conditions. Speaking about life conditions one can consider about health, education, culture, environment, among many other aspects. However to get better life conditions the financial field cannot be forgotten. And where are the sources for development? It is clear

that there is no development without growth. It can be said that growth (economic growth) drives the economy to economic development what can be considered as a leading force to development in general.

The Organization for Economic Co-operation and Development presents in the study *“The source of Economic Growth”* (OECD, 2003) the causes of differences in growth performance of countries and regions, and identify factors, institutions and policies that could enhance long-term growth prospects. In this study it can be found the basic determinants of growth that are: (1) The accumulation of physical capital; (2) The accumulation of human capital; and (3) Research & development. All of these determinants directly or indirectly present references to enterprises, for example the accumulation of human capital *“leads to better organisation, as it helps the firm learn how to produce more efficiently”* (OECD, 2003 quoting Arrow, 1962). The concepts of innovation, skilled workforce, or technology are presented as growth sources.

Attending that economic growth sources are related to enterprises, it can be assumed that enterprises role, no matter the size, is extremely important. If these “agents” drive us to economic growth, they also drive us to economic development, that accordingly to the steps: Economic Growth → Economic Development → Development (in general), it can be said that enterprises have an extremely important role in the “development theatre”.

“Industry and its impact on economic and social development and the environment has been at the centre of the debate on the sustainable development since the term «sustainable development» was brought into common use by the Brundtland Commission in 1987. There is now a consensus among policy makers that in order to achieve sustainable development, Governments and non-state actors need to make greater efforts to integrate economic, social and environmental goals into industry policy and decision-making” (United Nations, 1998 report).

It seems to be consensual that industry is one of the engines of economic growth. At the same time this engine has impact on social development. Social development is the one that presents a closer relation to improvement of life conditions. Making a “concept-mix” of economic development, social development, and development, the following question can be done: Will be possible to present in a clear way the differences among these concepts? If even policy makers agreed in integrate economic, social and environmental

goals into industry, and considering that is the industry the principal engine of economic growth, it seems that industry is also one of the important, if not the most important, engine of development.

Taking into consideration the literature referred until now, there is no clear difference between development and economic development. In one hand economic development is needed and required for development, on the other hand, because nowadays it seems that policies have taken into consideration the achievement of sustainable development, where the social environment is in, are the same policies taking into consideration the economic growth.

With this it can be said that it is not so difficult to find a way out from the labyrinth referred on this paper introduction, it seems more obvious that the close and narrow relationships settled down between these concepts of growth and development are getting closer. Economic development is achieved through economic growth which means that economic growth leads to economic development.

Taking now into consideration the concepts of development and economic development is not difficult to accept that even with different definitions both are trying to achieve the same goal. So, the same goal, similar strategies to achieve this goal, policies aiming the same agents why can't we say that there is no difference between them? Instead of arguing the existent differences, it seems more important to analyse some aspects that can contribute for better standards of life.

3. Entrepreneurial Strategies: does it matter?

"The problem is strategic. People do not care about strategy but is this that defines success." (Teles, 2003). Does strategy play such an important role that defines the success of an enterprise?

As we have seen on previous section, industry plays a very important role for development. It seems to be important from now on to pay attention to the industry. But industry does not necessarily means the same as enterprise. The importance given to industry is a global importance, for instance, some policies can be directed to a specific sector of the industrial fabric, or we can talk about a cluster or an industrial district.

However this perspective of industry is a global vision. Here the enterprise is seen as a black box, all the enterprises are considered to be equal or similar.

Schulyer (1997) regarding to policies related to urban revitalization: *“Entrepreneurs can find support in the development of the business practices through micro enterprise programs especially geared to the urban business climate. Such programs may not result in high economic returns for a given urban area, but they do provide an avenue for individuals to gain skills and self-sufficiency.”*

In fact there are many programs that aim to support industry creation or revitalization. But most of these programs are not directly connected with the enterprises but with some sectors. These programs may not give the expected effect on the industry, due to either the enterprise did not use it in the best way, or the program was not directed to enterprises necessities.

The measures taken regarding industry development may have in consideration many factors, such as macro-economic information on the industry, market tendencies, internal and external competition, among others. However, all these factors are considering the enterprise as a closed unit, something physical that is in a certain localisation during a period of time. Keeping this idea about an enterprise, we return to medieval times practising the alchemy trying to transform resources and assets into profit, assuming that enterprises already have resources and assets.

Should not the enterprise be considered as an active and live agent in the society, instead of looking to the enterprise as a black box? Besides resources and assets in the enterprise we will find human capital. What is the importance of skilled workforce if they are not motivated? An enterprise may have quality resources and excellent assets but if the culture is not turned to innovation how can this enterprise contribute for development? It may contribute for improvement of welfare but, is this enough nowadays?

The impact of industry in economic growth can be measured by many factors, such as profitability, number of existent employees, number of competitors, among others. However all these factors, once again, are considering the enterprise as something closed. The number of employees is the only factor that is taking into consideration the internal environment, nevertheless, this “inside factor” is just a number.

What makes an enterprise to grow? As it was referred, resources, and assets are essential for any enterprise, but are not enough. Nowadays the purpose of the enterprise, or organisation, must be known. *“For many writers, purpose is explored or defined solely in terms of business organisations with profit featuring somewhere in its definition. But many other non-for-profit organisations, such as government institutions, charities and public services, also generate value-adding activities that have a clear purpose and need **strategies** to attain that purpose.”* (Lynch, 2000) In this statement Lynch presents a separation between enterprises that have profits as a goal, and other organisations, and he says that these last organisations need strategies to attain their purpose. If non-for-profit and other organisations need strategies to attain their purposes, enterprises even looking only at profit purposes need to define strategies, as well.

Moreover, even having profit goals enterprises have another role: in some way they are working for economic development. It seems to be important from now on to take a look on the internal environment of the enterprises. Why should we do that? If enterprises have an important role to play in the development context, it is important to know how do they act, or can act to provide development.

Returning once again to the beginning of this discussion, Shumpeter, more entrepreneurs lead to development through innovation. In this case the first thing that is needed from an enterprise is innovation. What need an enterprise to innovate? Markides (1999) presents in the book *“All the Right Moves”* some important consideration about strategy. The first step that must be taken is related to mental models, *“What makes us think «in a box» and miss the obvious is our mental models of how the world should work.”* Ahead on this book we will find *“Everyone in the organisation should be actively encouraged to contribute their thoughts, ideas and opinion as to what strategy the company should adopt.”* So the strategy must be adopted in the enterprise not only by the superior hierarchical levels but by everyone in the enterprise. Calling our attention for this subject (Gratton, 2000) asks *“why is so little attention paid to the soul of the organisation?”* In an answer to this question the author presents two dominant organisational metaphors of man: man as a machine, and, man as a rational economic maximizer (homo-economicus). It seems that in the organisations is more important to look to the final goal, then to the means

to reach this, or these goals. The most important are the resources and assets. The “soul” of the enterprises is not taken into consideration.

However if it is through innovation that an enterprise can contribute for development, then it is necessary to have innovative people. These innovative people could be the employees in the enterprise, but to innovate is necessary to develop a culture in the enterprise to allow the participation in the strategic innovation and development of the enterprise or organisation.

Why is the strategy important? The strategy must be ready to answer to the changes that occur, in the market and in the economy. *“Creating the right fit between what the market needs and what the firm does can backfire if the environment changes and the firm does not respond accordingly... Business organisation must both create the requisite fit with its current environment and remain flexible enough to respond to (or even create) changes in this environment.”* (Markides, 1999).

But why should we look to strategy as a help in the enterprise? Because a good strategy might be an engine for any enterprise development. (Gary Hamel in Cusumano and Markides, 2001) asks: *“So if strategy innovation is key to creating new wealth, why is strategy no longer a big idea in most companies?”* In the section: “Is strategy irrelevant?” Hamel presents a brief overview of strategy evolution (and decadence). Here we also find the new themes in the strategy world: foresight, knowledge, competencies, coalitions, networks, extra-market competition, ecosystems, transformation and renewal. *“Managers today know how to embed quality disciplines, how to reengineer processes, and how to reduce cycle times, but they don’t know how to foster the development of innovative wealth-creating strategies.”* However the needed strategy is not the traditional planning process of strategy. *“The challenge is to invent anew the conduct of strategy in ways that make it intensely important to companies struggling to maintain their vitality in the innovate-or-die environment of the new economy.”*

Agreeing with this new challenge (Kanter, 2002), compares the strategy with a theatre. In traditional strategy, enterprises are used to read the script and follow it, however with the new market conditions it is necessary to act by using improvise. *“Improvise is only the chaos and disorder until a theme be clarified. This must not be developed in a repetition theatre.”*

Bearing all these ideas in mind what can we expect from strategy? First let's define strategy: *"A strategy is the pattern or plan that integrates an organization's major goals, policies and action sequences into a cohesive whole. A well formulated strategy helps to marshall and allocate an organisation's resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents."* (Mintzberg, Brian and Goshal, 1998). On this last quoted work we will also find the reference to the strategist, and the strategist usually is the manager. The manager work is difficult to define. *"Tom Peters tells us that good managers are doers. (Wall Street says they 'do deals'.) Michael Porter suggests that they are thinkers. Not so, argue Abraham Zaleznik and Warren Bennis: good managers are really leaders. Yet, for the better part of this century, the classical writers – Henri Fayol and Urwick, among others – keep telling us that good managers are essentially controllers."*

It is a curiosity of the management literature that its best known writers all seem to emphasize one particular part of the manager's job to the exclusion of the others. Together perhaps, they cover all the parts, but even that does not describe the whole of managing.

Strategy is something complicated. To have an idea about what strategy is and what can we expect from strategy, is convenient to present the difference between traditional strategy, the concept that "died" with some concepts such as cycle time reduction or reengineering, and the new concept of strategy. Whittington (2001) in the work *"What is strategy – and does it matter?"* presents four generic approaches to strategy: *"The **Classical** approach, the oldest and still the most influential, relies on the rational planning methods dominant in the textbooks. Next, the **Evolutionary** approach draws on the fatalistic metaphor of biological evolution, but substitutes the discipline of the market for the law of the jungle. **Processualists** emphasize the sticky imperfect nature of all human life, pragmatically accommodating strategy to the fallible processes of both organizations and markets. Finally, the **Systemic** approach is relativistic, regarding the ends and means of strategy as inescapably linked to the cultures and powers of the local social systems in which it takes place."*

The four approaches differ fundamentally along two dimensions: the outcomes of strategy and the processes by which is it made" (Whittington, 2001). Will the companies

and the managers, nowadays, accept the traditional strategy? The traditional planning processes or rules? Trying to implement this strategy approach, it seems that strategy will not survive in the organisations. If organisations are working accordingly to the law of the jungle, the strategy must be something different, it must be a strategy based in the innovate-or-die concept referred by Hamel.

The entrepreneur must find an advantage through innovation. To get this (competitive) advantage is necessary to develop a strategy that not only welcomes the changes in the internal environment, but also is ready, able and willing to change so that, these changes can contribute for changes in the organisation as a whole. This culture must be adopted by everybody in the organisation (enterprise), to transform enterprises from reactive to pro-active agents of innovation, growth and development.

Creating a strategy turned to innovation, enterprises are giving their contribution for growth. The discussion from now on would be about the sources for growth in the enterprises. However, assuming that enterprises have the resources and assets needed for growth, they just need a good strategy to reach their goals. By reaching their goals and assuming that innovation is within these goals, enterprises are working for economic growth. This assumption drives us to the conclusion that entrepreneurial strategies are of high importance in the enterprises or organisations, in what concerns to development. This subject will be discussed on the next section.

4. Entrepreneurial Strategies and (Economic) Development

Entrepreneurial strategies and development are concepts that were discussed in the previous sections of this paper. We have seen the relation between development and economic development, growth and economic growth, and the differences and links between growth and development.

Entrepreneurial strategies were discussed on this paper. Together with this concept we will find the concepts of entrepreneur, enterprise, and trying to join all of them we will find the concept of industry. Innovation in industry is the engine for economic development. To get this industry innovation, is not enough to apply some policies and wait for good results. Innovation goes through the enterprises, and must be an entrepreneur willing, nevertheless,

is not only the entrepreneur, or manager that can contribute for innovation, all the human capital in the enterprise must be prepared to innovate, everyone must give their contribution for innovation. The easiest way to reach innovation in the enterprise is to develop an innovation strategy, to motivate people in the enterprise to innovate to adopt a strategic innovation **culture**.

“Regional development is one of the most important problems the European Union has been facing during the last decades. One cannot ignore, that there are disparities among the country members; moreover, when a regional analysis is taken into consideration these disparities increase significantly” (Duarte, 2001). In fact, the disparities in development among regions in European Union are a problem to solve. Furthermore, the Union enlargement will bring more problems on this subject. Once we are talking about enlargement it is important to notice for the increase in competitiveness that Eastern countries will bring to the market. Enterprises must be prepared for this new period that might be presented as the “post-subsidies period”. The policies that are directed to support industry development might be redirected to these new members, which mean that enterprises must be ready to survive, innovate and grow by them. Countries, regions and enterprises must be auto-sufficient in what concerns to development.

Considering development in the centre of the concepts that have been discussed along this paper, let's try to make an image of these concepts.

The main objective of figure 2 is to illustrate some possible sources of development, and the existent relation among these sources. First we will find the enterprise. The enterprise must be analysed by itself, but it also has relations with the industry, the enterprise is in the industry, moreover, industry as a development agent is stronger than enterprises by themselves: the synergy effect. At the same time, growth in the enterprises gears to growth in the industry, what drive us necessarily to the concept of economic growth. As we have seen in section 2 of this work, economic growth means or takes us to economic development. In the environment of economic development the market becomes more attractive and probably new enterprises will enter in the market, increasing the competitiveness among them.

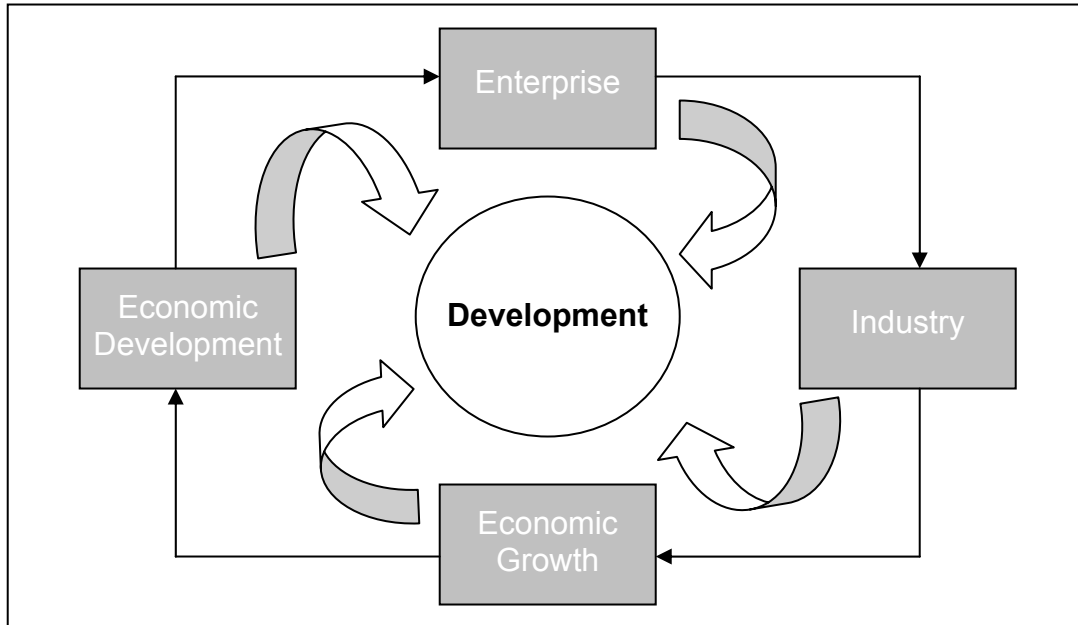


Figure 2. Development sources

The connection between these agents and concepts, with development, cannot be identified through only one of them, enterprises, industry, economic growth or economic development each one of them have their own contribution for development. However it can be asked one question: Where does this cycle begin? A possible answer could be: *“Industry has a key role to play in achieving the goals of sustainable development as supplier of goods and services required by society, as a source of job creation and as an active participant in community life”* (United Nations, 2003) This statement emphasizes once again the role of industry in development. But can we consider industry as the main source of development? Industry is composed by enterprises, or companies. Goshal, Bartlett and Moran in (Cusumano and Markides, 2001) say that *“the new role for management breaks from the narrow economic assumptions of the past to recognize that:*

- *Modern societies are not market economies; they are organizational economies in which companies are the chief actors in creating value and advancing economic progress.*
- *The growth of firms and therefore economies is primarily dependent on the quality of their management.*
- *...”*

Now we have a slightly different approach of growth or development. Primarily is not the industry that has the main role in economic progress but companies, industry has an important role but through the belonging companies. Secondly management has also an important role, since growth of firms depends on it.

Talking about development we started to see the relation between development and industry. Immediately the relation between development and companies, or enterprises is established. These relations might be very close, because sometimes there is not a perfect distinction between industry and enterprises. However the connections do not finish here. There is also a link where we will find development on one side and management on the other.

Taking into consideration figure 2 and the question: where does this cycle begin? It is a temptation to say that all this “theatre” starts on something that is intentionally missing there: enterprises management. Assuming management as the beginning of this cycle, there is a strong “weapon” that managers can use to boost development. This “weapon” is obviously the strategies followed or adopted in the enterprises. As we have seen on this paper, innovation is the engine for enterprises, industry and economy development. Innovation achievement is possible if enterprise strategy is turned to this goal. On previous section entrepreneurial strategies were the subject presented. By now a few more ideas can be presented taking into consideration the relation between entrepreneurial strategies and development.

First it can be said that the relation between these concepts is in the shadow of the enterprises. The importance given to entrepreneurial strategies is lower than that which should be given. In the literature, about development is common to find references to the concepts of innovation, entrepreneurship, industry, business ownership, among others. Relatively to the role of entrepreneurial strategies in the “development theatre” it is not so common to find it. Most of the time enterprises are seen as a black box and what is analysed are the results from enterprise, or the number of enterprises, or any other aspect that is not the enterprise by itself. However it is necessary to look to the “soul” of the enterprise, it must not be seen as a black box. It is important to know whether an enterprise is following a competitive or corporative strategy. Adopting a competitive strategy for instance, (Dejardin, 2000) says: *“through innovation, the entrepreneur seeks to create a*

monopoly position, from which he will assume overprofit. In the Shumpeterian model, this position is necessary fore it motivates the innovation activity. It is however temporary, as competition will quickly reduce this position to zero in favour of a new monopoly position created by a new innovation... ”

Competing among them enterprises are working for development. That does not mean that a cooperative strategy will not be good, but the effects might present some differences. Analysing the contribution given by enterprises to development, the most important is the attitude that these enterprises take towards the market and the society. Wealth and job creation by the enterprise, the searching for new market niches, backward or forward integration are some among many strategic decisions that enterprises can take. These decisions in one or another way have a consequence in the economic growth of the enterprise, industry and economy.

Taking into consideration all the ideas presented in this paper it seems that strategy has an important role in the enterprises. Sometimes this role is behind many other factors and it seems that strategy is not important, however it is there. The New Strategy is one of the essential “actors” for the “development theatre”.

5. Conclusions

What is strategy? What is development? Two questions that have been the reason for many studies on the scientific field. But what is the relation between these two concepts? The first approach for this relation was first presented by Shumpeter. In “*The Theory of Economic Development*” he presented as a reason for growth, an increase in the number of entrepreneurs. Between growth and development is difficult to present a separation, sometimes these two concepts are mixed. Accordingly to Shumpeter, more entrepreneurs will bring more innovation, what will have as effect more innovation that leads to more growth. Growth in some way will drive us to more development.

If we find a relation between development and entrepreneurs, we can first present a relation between development and industry. After that we can start to “peel” this last agent: industry. Having in consideration the important role of industry in development, this role is played through innovation, but who is the responsible for innovation? First we will find the

enterprises, behind this physical structure we will find the entrepreneur. Assuming that the entrepreneur is at the same time the manager, it is necessary that this person takes measures in order to contribute for innovation. How is it possible? The answer is not difficult. To innovate is necessary commitment, it is necessary to decide to work on something new, or different, is necessary to have a strategic thinking, strategic decisions, in other words, we need good entrepreneurial strategies.

Obviously industry is an important development agent. To prove it we will find many policies on economic, social, environment issues, among others, turned to industry. These policies might be found, for instance in the European Union, in order to fight the disparities among the regions in the Union. However, these policies most of times are turned almost exclusively for industry, when they should be turned to the enterprises. But enterprises are different among them. It can be said that each enterprise can be a different case, and it is difficult to design policies in order to fight the fragilities found in these enterprises. In this case it is acceptable to consider industry and not enterprises, however enterprises can not be seen as a black box, it is necessary to look for the enterprise as a live agent, something that has a “soul”.

Looking to the inside of enterprises, is the same as paying attention to the internal environment, the culture that is followed in the enterprises. This culture is important from the superior hierarchical levels until the operational level. And why is the culture so important, and what is the relation with development? It is from the enterprise that innovation will appear, to innovate is necessary to develop innovation strategies, is necessary to develop entrepreneurial strategies that will contribute for this needed innovation and consequently for development.

These entrepreneurial strategies that are needed are not the traditional strategy that we are used to find in the traditional books, it is needed to create and develop new competences, or using management terms is necessary to develop new core competences to allow innovation and creativity. These needs must be satisfied by the entrepreneurs or managers, through the new strategy.

Another problem that enterprises must face is competitiveness. In the European Union, this problem will become more serious with the Union enlargement. Enterprises must be prepared to face their new rivals that sometimes can bring to the market the same

product at lower prices, which means that is necessary to think about a differentiation strategy. These differentiation is obtained if the enterprise through their entrepreneurs or managers, develop entrepreneurial strategies that lead the enterprise to innovation, which means more growth. This growth might be something like a “highway” in direction to development.

The most important here is to find the sources of growth or development. Most of times these sources are analyzed, but these studies are directed to those factors that are directly connected to growth. It is important to look to the very beginning of the sources of growth and development, and it seems that this beginning is in the enterprises, more specifically in the entrepreneurial strategies adopted by the enterprises. These strategies will lead us to other concepts such as entrepreneur, innovation, or industry that are not less important. However to have a solid and safe house is necessary to have good foundations. In this case entrepreneurial strategies might be our foundations, under the glass roof of development.

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